

2010 Advisory Committee Report to Annual Town Meeting - APPENDIX C
TEACHERS' SALARY STRUCTURE
March 2010 Update

School Personal Services

School Personal Services expense in FY11 is budgeted at \$46.7 million or approximately 85% of the School budget. Although Personal Services includes wages for several categories of employees, salaries for teachers comprise the substantial majority of this expense.

Wellesley School Personnel			
	Full Time Equivalent	Personal Services	
Senior Supervisory	33	7%	Central office administrators, principals and assistants, administrative time of department heads & directors.
Teachers & Professional Support	437	73%	Classroom teachers, librarians, special educators, guidance counselors, therapists, technology specialists.
Classroom and Other Teaching Support	165	10%	Teaching assistants, technology assistants, paraprofessionals.
Administration and Operations	62	6%	Secretarial, clerical, and business office staff, custodial & maintenance staff, van drivers.
On Call/Temporary	<u>N/A</u>	<u>4%</u>	Substitute teachers, tutors, part-time coaches, etc.
Total	<u>697</u>	<u>100%</u>	

Currently, the School Department deals with five collective bargaining units. The principle units are Teachers Unit A, representing approximately 470 employees, including classroom teachers, professional support and nurses; Unit B representing approximately 27 instructional administrators; Secretaries; and Food Service employees. Although custodians and maintenance staff for the Schools (approx. 37) are included under the Facilities Maintenance budget, the collective bargaining agreement is between the Custodians and the School Committee. Approximately 23.5% of employees are not covered by collective bargaining. All contracts expire on June 30, 2011.

Teachers' Salary Structure

The Wellesley teachers' salary structure is subject to collective bargaining. Collective bargaining contracts between the Wellesley School Committee and the Wellesley Teachers' Association, as in other Towns, typically cover three-year periods. The current contract, which was settled in September 2008, became effective as of July 1, 2008 and expires on June 30, 2011, and therefore covers FY09, FY10, and FY11.

Salary is determined by two components in the contract. The first is a system of “steps and lanes” that comprise a salary schedule. The second component is an annual percentage increase that is usually applied to the entire salary schedule. The combination of the steps and lanes and the schedule percentage adjustment determines a teacher’s annual salary.

- ***Step and Lane Increases***

In Wellesley, as in most Massachusetts public schools, the system of “steps and lanes” has been used to recognize experience and educational accomplishment. When a teacher is hired, compensation is based on the number of years of teaching experience, “the step,” as well as the level of college or post-college training achieved, “the lane”. Under the prior teachers’ contract, Wellesley used 13 annual steps and 4 lanes to quantify these factors. Under the terms of the contract agreed to in September, 2008, the 13 steps increased to 15 steps beginning in FY10.

Each year, a teacher advances to the next salary step until he or she reaches the top step, thereby receiving a pre-determined salary increase. Wellesley teachers who have completed 20 years of teaching in Wellesley, and therefore are at the top step, receive an annual “longevity stipend” supplement. Teachers may also receive increases through a lane change when they earn a sufficient number of additional education credits. Teachers who have attained a higher educational level, and have notified the Superintendent by November 1st of the prior school year of their intent to advance to a higher educational level, receive a “lane” increase.

In FY09 and in prior years, the annual salary increase due to advancing from one step to the next was not consistent throughout the salary schedule. In FY09 the smallest increase was 2.98% and the largest was 8.58%, with the largest increases concentrated at the Masters steps 6 and 7 levels. Beginning in FY10 and going forward, all step increases have been equalized at 4.17%. Both step and lane increases can be bargained as part of the contract negotiations.

- ***Annual Percentage Increase***

In addition to steps and lanes increases, there is an annual contractual overall percentage increase applied to all steps and lanes, which, in effect, creates an entirely new schedule. Although this percentage increase is similar to a ‘cost-of-living’ increase, the contract does not describe it as such.

- ***Key Terms of Current Contract***

The current contract contains five important provisions: (a) annual percentage increases during the three-year contract term; (b) the addition of two new steps in the salary schedule beginning in FY10; (c) the equalization of the percentage increases between steps beginning in FY10; (d) the movement of teachers from their respective FY09 step to the corresponding step on the 15-step FY10 schedule; and (e) the implementation of the Rate Saver health insurance plans for teachers as of January 1, 2009. While health insurance costs are not included in the School budget but are accounted for, together with other eligible employees, under a separate “Employee Benefit Account”, implementation of Rate Saver did significantly reduce the Town’s health care expenses for participating school employees and their families in calendar year 2009. Increases in calendar years after 2009 begin from a lower base, so that health care savings in the form of lower overall health care expenses paid by the Town provide a continuing savings.

- ***Annual Percentage Increases***

FY09 – a 1% increase on steps 1-12 and 3% on step 13

FY10 – a 3% increase on all steps (1-15) in the revised salary scale

FY11 – a 3% increase on all steps in the salary scale

These increases, which do not include changes in steps and lanes, compare to 3.25% annual increases (also excluding movements in steps and/or lanes) in the prior contract (FY06-FY08). In FY06 and FY07, teachers received two base salary increases – a 2.0% increase on July 1, 2005 and 2006, and a 1.25% mid-year increase on January 1, 2006 and 2007. For FY08, base salaries increased by 3.25% on July 1, 2007, resulting in a year-over-year salary increase of 3.89% on an “implemented” or effective basis.

- ***Addition of New Steps***

Beginning in FY10 the salary schedule increased from 13 steps to 15 steps. For FY09, FY10 and FY11, the longevity stipends for teachers at the top step with 20 years of teaching service in Wellesley are described in the respective Teacher Salary Schedules shown below.

- ***Equalization Between Steps***

The percentage increase between steps on all lanes of the scale was equalized in FY10 to 4.17%. Prior to FY10, the percentage increase between steps in each lane varied considerably.

- ***FY10 Teacher Movement on Equalized Steps***

To accommodate the equalized salary scale with two new steps added, teachers moved from the step where they were during FY09 to the corresponding step on the 15-step FY10 schedule – a movement up of 2 steps. For example, a teacher at step 5 in FY09 moved to step 7 on the FY10 salary scale. The two steps were added to the bottom of the salary scale, not the top. Even though teachers on the top step (step 13) in FY09 advanced to the top step (step 15) in FY10, they did not receive a step increase, only the negotiated 3% increase that was applied to all steps on the scale.

- ***Rate Saver Adopted***

Teachers and other School employees adopted a change in their health insurance plans to permit the implementation as of January 1, 2009 of Rate Saver plans, new health insurance programs offered by the Town with additional and higher dollar value co-payments, resulting in a 15% reduction in premiums paid by the Town for School employees in the 2009 calendar year. This equates to a savings of approximately \$136,000 to the Town for the last six months of FY09. The projected FY10 savings to the Town from the adoption of Rate Saver by teachers and other School employees is approximately \$543,000. In FY10, 75.4% of School employees eligible for health insurance participate in a health insurance plan offered by the Town.

- ***Other Changes***

In addition to the above changes applicable to the teachers, the Schools also revised the Nurses Salary Schedules on substantially the same basis with similar annual percentage increases and step equalization. Since there are only 14 (10 FTE) employees covered by the Nurses Salary Schedule in FY10, the dollar impact of the change in contract terms is not large.

For FY11, the School Department has included a 2% increase in its budget for non-union personnel (1% in the case of school administrators who are not covered by Unit B).

Salary Schedules and Their Impact on Salary Structure

The salary schedules for the existing contract, which incorporate the key step and annual percentage increases discussed above, are as follows:

FY09 – Teacher Salary Schedule

Step	Bachelors	Masters	Masters + 30	MA +60/Doctor
1	\$42,394	\$45,349	\$49,350	\$52,807
2	44,507	47,244	51,673	55,294
3	46,401	48,933	53,783	57,546
4	48,512	51,673	55,892	59,809
5	51,444	53,783	58,211	62,293
6	54,374	58,242	62,885	67,277
7	57,303	63,239	68,205	72,973
8	59,397	65,529	70,654	75,593
9	61,490	67,819	73,103	78,213
10	63,398	69,913	75,345	80,616
11	65,303	72,006	77,587	83,016
12	69,112	76,191	82,077	87,818
13	73,299	80,811	87,048	93,139

+30, +60, refers to number of credit hours of additional education beyond degree level

Longevity Stipend. After 20 years of service, an increase of the lesser of \$2461 or 3% of salary

(reflects a 1.0% base increase on steps 1-12 and 3.0% on the top step)

FY10 – Teacher Salary Schedule

Step	Bachelors	Masters	Masters+30	MA +60/Doctorate
1	\$42,633	\$47,001	\$50,630	\$54,170
2	44,409	48,959	52,739	56,426
3	46,259	50,999	54,936	58,778
4	48,186	53,124	57,225	61,227
5	50,194	55,338	59,609	63,779
6	52,285	57,644	62,093	66,436
7	54,463	60,046	64,680	69,205
8	56,732	62,548	67,374	72,089
9	59,096	65,154	70,181	75,092
10	61,559	67,869	73,105	78,221
11	64,124	70,696	76,151	81,480
12	66,796	73,642	79,324	84,875
13	69,579	76,710	82,630	88,411
14	72,478	79,906	86,073	92,095
15	75,498	83,235	89,659	95,933

+30, +60, refers to number of credit hours of additional education beyond degree level

Longevity Stipend. After 20 years of service an increase of the lesser of \$2,535 or 3% of salary.

(3.0% over FY09 base income using Equalized Steps; teachers on steps move

two steps in FY10 over FY09)

FY11 - Teacher Salary Schedule				
Step	Bachelors	Masters	Masters+ 30	Masters+60/Doctorate
1	\$43,912	\$48,411	\$52,149	\$55,795
2	45,741	50,428	54,321	58,119
3	47,647	52,529	56,584	60,541
4	49,632	54,718	58,942	63,064
5	51,700	56,998	61,397	65,692
6	53,854	59,373	63,956	68,429
7	56,097	61,847	66,620	71,281
8	58,434	64,424	69,395	74,252
9	60,869	67,109	72,286	77,345
10	63,406	69,905	75,298	80,568
11	66,048	72,817	78,436	83,924
12	68,800	75,851	81,704	87,421
13	71,666	79,011	85,109	91,063
14	74,652	82,303	88,655	94,858
15	77,763	85,732	92,349	98,811
+30, +60, refers to number of credit hours of additional education beyond degree level				
Longevity Stipend. After 20 years of service an increase of the lesser of \$2,611 or 3% of salary.				

(3.0% base increase over FY10)

Teachers in the Wellesley schools who were on steps in FY08 and are still on steps in FY11 will be receiving a cumulative salary increase (including base and step increases) during the current contract of between 17.3% and 22.8%, with 7.17% of that increase coming in FY11. Teachers who switch lanes during the contract will receive even more. In contrast, teachers on steps received an 11.7 cumulative increase during the prior contract (FY06 to FY08.) Teachers at the top step in FY08 will have received a cumulative 9% increase in pay, plus, if eligible, a cumulative longevity stipend of between 7.2% and 9%. In FY10, teachers at the top step (step 15) constituted 42.6% of all teachers compared to 40.4% in FY09.

The actual experience and education patterns of Wellesley teachers have remained fairly constant over the last three years. Since FY08, there has been a slight shift to the upper-range in years of experience. The table below shows the years of experience by steps. FY10 includes a two-step increase. Without the distortion of that increase, 85% of all teachers are still above step 5, although the number at steps 13 to 15 (roughly comparably to step 13 in FY08 and FY09) would be around 43% instead of 52%, and the median step would remain at 11. The education pattern is not affected by the two-step increase. In brief, Wellesley's teachers continue to be highly educated and very experienced.

Wellesley Teacher Profile			
Years of Experience (Step)	FY08	FY09	FY10
Steps 1 to 5	18%	16%	11 %
Steps 6 to 12	41%	41%	37%
Steps \geq 13	41%	43%	52%
Median Step	11	11	13
Education			
Bachelors	10%	10%	8%
Masters	48%	44%	42%
Masters+30 credits or Masters+60 Credits/Doctorate	42%	46%	50%

Total Salary Costs

As noted above, the salary for an individual teacher is determined by a combination of their step and lane changes and the annual percentage increase, while the average teacher salary and the total salary costs reflect a weighting based on how many teachers occupy each position on the salary schedule. When teachers retire or leave and are replaced by less experienced teachers at lower salaries, average salary is usually lowered, thereby reducing the total personal services budget by “turnover.” The School Department can exercise some discretion during the hiring process as to what “step” and “lane” a teacher is brought into the system. Although newly hired teachers vary in their experience levels, the budgeting assumption has been that new hires have a Masters degree and 5 years of experience. (The Massachusetts Department of Elementary and Secondary Education now requires all teachers to attain at least a Masters degree in order to receive professional licensure.) In any given year, the average experience/education level, determined by new hires and educational advancement and the profile of retirements and other departures, can change substantially, resulting in ‘turnover’ savings either higher or lower than the “steps and lanes” increases. Turnover savings would be highly predictable if pending retirements were announced well in advance of a new fiscal year. Practically, the information becomes available only after the budget is prepared, so an allowance based on prior experience is incorporated into the budget. A variance in actual turnover from that forecast could result in a favorable or unfavorable variance in actual spending compared to budget. In FY11, turnover savings is expected to be \$275,000.

Comparison to Teacher Salaries in Other Towns

As described above, there is a difference between individual teachers’ salaries depending on their position on the salary schedule, and the average salary for all teachers in the School Department. In the table below, Wellesley’s teachers’ salaries for FY11 are compared to eight similar towns – by specific positions on the salary schedules. Brookline and Lexington are not shown in the chart because teachers’ contracts are currently under negotiation in these two towns. The Comparative Salary Schedules table ranks salaries at the minimum and maximum step for three of Wellesley’s lanes: Masters, Masters plus 30 credits, and Masters plus 60 credits or Doctorates. The only Wellesley lane not included in the table is the Bachelors lane, which has less than 10% of Wellesley teachers.

COMPARATIVE SALARY SCHEDULES - FY10

	MASTERS				MASTERS + 30				MASTERS + 60/DOCTORATE				
	Min Step	Rank	Max Step	Rank	Min Step	Rank	Max Step	Rank	Min Step	Rank	Max Step	Rank	
Belmont	48,421	1	84,110	2	51,087	1	88,355	4	54,077	2	93,288	4	
Brookline													not settled
Lexington													not settled
Natick	45,012	6	70,195	9	49,513	5	77,213	9	51,988	6	84,935	8	
Needham	45,533	5	78,378	6	49,047	6	82,673	6	51,572	7	87,813	7	
Newton	47,070	3	80,288	5	50,645	2	85,244	5	53,942	3	90,484	6	
Wayland	44,791	7	83,263	3	46,824	7	91,603	1	48,797	9	101,763	1	
Wellesley	47,001	4	83,235	4	50,630	3	89,659	3	54,170	1	95,933	2	
Weston	47,199	2	84,447	1	49,863	4	90,039	2	52,280	5	94,096	3	
Westwood	42,577	9	77,704	7	46,301	8	81,609	7	50,499	8	93,251	5	
Winchester	44,106	8	70,435	8	48,276	9	77,432	8	53,601	4	82,951	9	

The table demonstrates that a town's ranking between their minimum and maximum step can vary considerably, although Wellesley's rankings are more consistent than other towns. Because 43% of Wellesley teachers are at the maximum step, and only 2% are at the minimum step, the most relevant comparisons are at the maximum step. Looking at the maximum step in these three lanes, Wellesley has the 4th highest salary for teachers with a Master's degree; the 3rd highest salary for Masters' +30 and the 2nd highest salary for Masters +60/Doctorate. These rankings are identical to those in FY09, which also included Brookline and Lexington. The table indicates that, on an aggregate basis, Wellesley's salary structure is highly competitive with comparable towns such as Belmont, Newton and Weston. The above table excludes the impact of 'longevity stipends' (over 20 years of service).

Conclusion

The existing three-year collective bargaining agreement, which began July 1, 2008 and will expire on June 30, 2011, was entered into to maintain Wellesley's desire to remain reasonably competitive with its peer communities in terms of attracting and retaining the best teachers and also to permit the implementation of the Rate Saver health insurance program for a significant portion of Town employees, with savings accruing to the Town under the line item for health insurance costs, *which is not included in the School budget*. In addition, the step equalization in FY10 (with all increases in steps equal to 4.17%) allows for greater transparency in the budgeting process and for ease of understanding projected salary increases before the effect of teacher turnover. In retrospect, while the contract entered into in 2008 may be viewed as generous in the current depressed economic environment, it is important to note that the shift to Rate Saver in FY09 and the step equalization in FY10 are unequivocally positive achievements, and that the new contract was negotiated in the summer and early fall of 2008, when the severity of the economic downturn was much less apparent than it is today.